

# MARINE MIDLAND CORPORATION

(DELAWARE)

15 EXCHANGE PLACE

JERSEY CITY, N.J.

OFFICE OF THE CHAIRMAN  
120 BROADWAY  
NEW YORK, N. Y.

May 29, 1947

Mr. Marriner Eccles, Chairman  
Federal Reserve Board  
Washington, D. C.

Dear Mr. Chairman:

I notice, among the amendments which you suggested at the hearing last Monday to Bill S.829 (the Bank Holding Company bill), a paragraph which is added to Section 6, subsection (d) on Page 9 of the bill as printed. I refer particularly to the last sentence in that proposed amendment which reads as follows:

"The factors stated in this section shall likewise be considered by the Board, the Comptroller of the Currency or the Federal Deposit Insurance Corporation in determining whether to approve an application of any bank, which is a part of a bank holding company system, to establish a branch or branches of such bank."

I respectfully call your attention to the fact that in opening a new branch such a restriction as this sentence entails places the applicant bank in a holding company system at a competitive disadvantage to an applicant bank in the same territory not in a holding company system. If the above suggested amendment were enacted, the factors which must be taken into account by the supervisory authorities with respect to their consideration of the application for a new branch by a holding company bank might well make it impossible for the supervisory authorities to grant the application of such a bank even though local conditions and all other such factors would lead the authorities to approve granting such application. This might well be true in rendering banking service to present bankless territory or in rendering more adequate or better service to territory now having some, but inadequate, facilities.

It would appear to me that the limiting effect on the freedom of the supervisory agencies to decide in the public interest is damaged, by this new amendment suggested, to an extent not offset by such limited advantage as is afforded in your additional control in the field of branch banking.

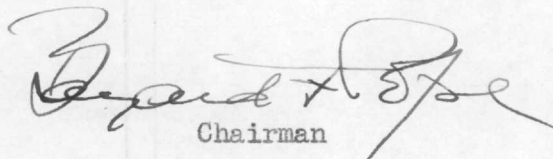
If this amendment seems to you to serve a useful purpose in spite of the handicaps it presents, may I take the liberty of suggesting that a revision of the above sentence, to read as follows,

5/29/47

would seem to preserve what I assume to be the essential objectives of this new amendment and yet permit comparable local considerations to be given to competitive branch applicants:

"The factors stated in this section shall likewise be considered by the Board, the Comptroller of the Currency or the Federal Deposit Insurance Corporation in determining whether the approval of an application of any bank, which is a part of a bank holding company system, to establish a branch or branches of such bank, will expand the size and extent of such bank holding system beyond limits consistent with adequate and sound banking."

Yours very truly,



Chairman